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News

Forfeiture Litigation Raises New Issues for Plan Fiduciaries

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As a refresher, a plan forfeiture occurs when a participant's plan balance is forfeited due to events spelled out in the plan document. Most commonly, plan forfeitures occur where participants separate from employment before becoming fully vested in employer contributions. Plan forfeitures may also occur on employer matching contributions where the employee doesn't contribute or meet other conditions to receiving the match as described in the plan document.

In the cases brought by the plaintiffs, the plan documents permit the use of forfeitures for both the paying administrative expenses and reducing future employer matching contributions. The plan documents generally provide that the fiduciary has the authority to use plan forfeitures to either pay reasonable expenses of the plan or to reduce discretionary contributions, special contributions, and/or matching contributions.

In the *401k Specialist* article, "Forfeiture Litigation Raises New Issues for Plan Fiduciaries," Groom principal and leader of the firm's fiduciary practice, George Sepsakos, examines allegations and potential implications of recent lawsuits against plan fiduciaries related to the use of plan forfeitures.

To read the article, click here.